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 TO ALL OECD CAPITALS PRIORITY
 ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
 ALL NATO CAPITALS
 RUFHGV/USMISSION GENEVA PRIORITY 0000
 RUDKRB/AMEMBASSY BELGRADE PRIORITY 0000
 RUMJDK/AMEMBASSY DHAKA PRIORITY 0000
 RUEHCR/AMEMBASSY BANJUL PRIORITY 0000
 RUEHNR/AMEMBASSY NAIROBI PRIORITY 0000
 RUEHAM/AMEMBASSY AMMAN PRIORITY 0000
 RUEHDR/AMEMBASSY DAR ES SALAAM PRIORITY 0000
 RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0000
 RUDKHLQ/AMEMBASSY HELSINKI PRIORITY 0000
 RUEHEG/AMEMBASSY CAIRO PRIORITY 0000
 RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 0000
 RUEHML/AMEMBASSY MANILA PRIORITY 0000
 RUEHLGB/AMEMBASSY KIGALI PRIORITY 0000
 RUTADS/AMEMBASSY DAKAR PRIORITY 0000
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ALSO FOR CEN POST'S AID MISSION DIRECTORS

E.O. 12356: DECL: OADR
 TAGS: PGOV, PINR, XK
 SUBJECT: CENTRAL AMERICAN UPDATE, NO. 4

1. (LDU) THERE FOLLOWS FOURTH IN OUR SERIES OF REPORTS
 TO UPDATE POSTS ON DEVELOPMENT IN CENTRAL AMERICA. AS
 ALWAYS, POSTS MAY, AT THEIR DISCRETION, USE UNCLASSIFIED
 AND LOU INFORMATION AS NON-PAPERS FOR HOST GOVERNMENT

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 OFFICIALS. CONFIDENTIAL INFORMATION IS PRIMARILY FOR
 POSTS' BACKGROUND, BUT MAY BE USED SELECTIVELY IN
 BRIEFINGS. THIS CABLE DOES NOT ATTEMPT TO COVER
 FAST-BREAKING EVENTS CONCERNING NICARAGUAN SUIT AT THE
 ICJ.

2. STATUS OF CONTADORA NEGOTIATIONS:

A. (C) IN ACCORDANCE WITH THE AGENDA ADOPTED AT THEIR
 FEBRUARY 27-29 MEETINGS, THE THREE CONTADORA WORKING
 COMMISSIONS ON POLITICAL, SECURITY, AND ECONOMIC ISSUES
 MET WITH THE VICE-MINISTERIAL TECHNICAL COMMISSION IN
 PANAMA APRIL 2-7. THE COMMISSIONS INTENDED TO RECEIVE
 AND DISCUSS REPORTS ON THE PEACE PRINCIPLES IDENTIFIED IN
 THE 21-POINT DOCUMENT OF OBJECTIVES, WHICH HAD BEEN

TASKED TO THE INDIVIDUAL COUNTRIES AT THE LAST MEETING.
 INSTEAD, NICARAGUA, TERMING THE COMMISSIONS' WORK
 "ACADEMIC" AND THE DOCUMENT OF OBJECTIVES "INVALID",
 INSISTED THAT THE NINE DEAL WITH THE "IMMEDIATE CRISIS"
 BY CONSIDERING ITS RESOLUTION CONDEMNING US AGGRESSION.
 THE GRN ALSO CALLED FOR AN IMMEDIATE MEETING OF FOREIGN
 MINISTERS, TO PREPARE A SUMMIT OF THE NINE CHIEFS OF
 STATE.

B. (C) THE NICARAGUAN GAMBIT WAS REJECTED OUT OF HAND BY
 BOTH THE CONTADORA FOUR AND THE OTHER CENTRAL AMERICANS,
 ALL OF WHOM INSISTED THAT THE GRN ADHERE TO THE
 COMMITMENT TO SERIOUS NEGOTIATIONS UNDERTAKEN IN ITS
 ACCEPTANCE OF THE DOCUMENT OF OBJECTIVES AND THE JANUARY
 8 NEGOTIATING NORMS. HOWEVER, THE CONTADORA VICE FOREIGN
 MINISTERS, TAKING A MORE ACTIVE ROLE IN LAST WEEK'S
 MEETING THAN THEY HAD IN FEBRUARY, AGREED TO SUGGEST A
 MEETING OF THEIR OWN FOREIGN MINISTERS, AFTER THE WORKING
 COMMISSIONS COMPLETED THEIR ROUND OF TALKS. THE END
 RESULT WAS THAT NICARAGUAN OBSTRUCTIONISM LEFT ONLY TWO
 DAYS FOR SUBSTANTIVE DISCUSSIONS WITHIN THE COMMISSIONS,
 AND LITTLE PROGRESS WAS MADE.

C. (U) THE CONTADORA FOUR FOREIGN MINISTERS MET ON
 APRIL 8, IN WHAT THEY INSISTED WAS NOT AN "EMERGENCY"
 SESSION AND ISSUED A COMMUNIQUE WHICH, CONTRARY TO PRESS
 REPORTS, DID NOT CRITICIZE THE US BY NAME, BUT NOTED THAT
 THE REGIONAL SITUATION HAD "DETERIORATED" AND THAT "THE
 EXISTENCE OF FOREIGN TROOPS AND ADVISORS, THE INCREASE OF
 ARMS, THE PROLIFERATION OF MILITARY ACTIVITY AND
 MANEUVERS ALL CONTRIBUTE TO INTENSIFY TENSION AND DEEPEN
 MISTRUST." THE COMMUNIQUE ALSO REITERATED THE NEED FOR
 INDEPENDENT ELECTORAL ORGANS TO GUARANTEE THE EFFECTIVE
 PARTICIPATION OF ALL POLITICAL FORCES IN EACH COUNTRY,
 AND ON ECONOMIC MATTERS, NOTED THAT THE NEWLY ESTABLISHED
 COMMITTEE OF ACTION AND SUPPORT FOR THE ECONOMIC AND
 SOCIAL DEVELOPMENT OF CENTRAL AMERICA (CADESCA) PROVIDES
 AN OPPORTUNITY TO PROMOTE ECONOMIC INTEGRATION AND
 INTERNATIONAL ECONOMIC SUPPORT FOR CENTRAL AMERICA. THE
 MINISTERS ALSO CONFIRMED THAT THE DOCUMENT OF OBJECTIVES
 AND ITS NORMS FOR IMPLEMENTATION ARE THE ONLY BASIS FOR
 CONTINUED NEGOTIATIONS WITHIN THE CONTADORA FRAMEWORK.

D. (U) THUS FAR, THE CONTADORA GROUP CONTINUES TO ADHERE
 TO ITS TIMETABLE CALLING FOR ANOTHER ROUND OF WORKING
 COMMISSION MEETINGS APRIL 24-29, TO BE FOLLOWED BY
 PRESENTATION OF FINAL REPORTS TO THE FOREIGN MINISTERS ON
 APRIL 30. WITH ELECTIONS SCHEDULED FOR MAY 6 IN BOTH
 PANAMA AND ELSALVADOR, HOWEVER, THE FOREIGN MINISTERS

COULD POSTPONE THEIR MEETING UNTIL MAY 15.

E. (C) DESPITE POSSIBLE SLIPPAGE IN THE CONTADORA

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SCHEDULE, THERE REMAINS THE RISK THAT THE CONTADORA FOUR WILL ATTEMPT TO PRESSURE THE CENTRAL AMERICANS INTO SIGNING AN AGREEMENT THAT IS LESS THAN COMPREHENSIVE AND FULLY VERIFIABLE. KEY TO COUNTERING ANY SUCH EFFORTS WILL BE CONTINUED CORE FOUR UNITY ON SUCH SENSITIVE ISSUES AS EXCHANGE OF MILITARY DATA AND ACCEPTANCE OF A STRONG VERIFICATION MECHANISM WITH FREE ACCESS THROUGHOUT THE CENTRAL AMERICAN STATES.

3. (U) AMB. SHLAUDEMAN MAKES FIRST TRIP TO REGION: AMB. HARRY SHLAUDEMAN, THE PRESIDENT'S NEW SPECIAL ENVOY, MADE HIS FIRST TRIP TO THE CENTRAL AMERICAN CAPITALS MARCH 29 - APRIL 4, TO DEMONSTRATE THE PRESIDENT'S SUSTAINED SUPPORT FOR THE SEARCH FOR POLITICAL AND DIPLOMATIC SOLUTIONS TO THE CENTRAL AMERICAN CRISIS. SHLAUDEMAN WILL VISIT THE CONTADORA FOUR COUNTRIES APRIL 23-27. IN MANAGUA, SHLAUDEMAN, JOINED BY ASSISTANT SECRETARY MOTLEY, REITERATED OUR FOUR AREAS OF CONCERN WITH JUNTA LEADER ORTEGA, URGING HIM TO UNDERTAKE SERIOUS NEGOTIATIONS WITHIN CONTADORA. TALKS WITH THE GRN WERE CANDID. DESPITE THE SANDINISTAS' NEGATIVE PUBLIC REACTION, DEMONSTRATED BY THEIR COMMUNIQUE WHICH, INTER ALIA, SAID THAT THE VISIT "CONFIRMS THE POLICY OF FORCE ASSUMED BY THE PRESENT US ADMINISTRATION," OUR SENDING SENIOR OFFICIALS TO MANAGUA UNDERSCORES OUR WILLINGNESS TO MAINTAIN DIALOGUE.

4. CONGRESSIONAL ACTION ON CENTRAL AMERICA:

A. (LOU) ON APRIL 9, THE SENATE FOREIGN RELATIONS COMMITTEE FAILED BY A 9-9 VOTE TO PASS SENATOR MATHIAS' ADMINISTRATION-APPROVED AMENDMENT TO THE PRESIDENT'S CENTRAL AMERICA DEMOCRACY, PEACE AND DEVELOPMENT INITIATIVE. SENATOR HELMS JOINED WITH THE EIGHT DEMOCRATS ON THE COMMITTEE TO SCUTTLE THE COMPROMISE. THE COMMITTEE ALSO REJECTED SENATOR DODD'S AMENDMENTS, WHICH THE ADMINISTRATION OPPOSED, ON A PARTY LINE VOTE OF 10-8. THUS DEADLOCKED, THE COMMITTEE ON APRIL 11 REPORTED OUT THE FOREIGN AID BILL WITHOUT ANY PROVISIONS ON CENTRAL AMERICA. DURING THE EASTER RECESS THE SFRC WILL TRY AGAIN TO WORK OUT AN AGREEMENT, WITH THE POSSIBILITY OF OFFERING A COMMITTEE AMENDMENT ON THE FLOOR.

B. (U) THE HOUSE-SENATE CONFERENCE ON THE AFRICA FOOD AID BILL (H.J.RES. 492), WHICH INCLUDES OUR URGENT

CENTRAL AMERICA SUPPLEMENTAL REQUESTS, HAS BEEN DEFERRED UNTIL AFTER THE APRIL 13-23 RECESS. HOUSE CONFEREES WERE APPOINTED APRIL 11, BUT HOUSE APPROPRIATIONS COMMITTEE CHAIRMAN WHITTEN HAS SAID IT WILL TAKE THE CONFEREES SEVERAL WEEKS TO SORT THROUGH ALL THE MEASURES ADDED TO THE BILL IN THE SENATE.

5. EMERGENCY ASSISTANCE FOR EL SALVADOR:

A. (C) IN VIEW OF THE DELAY OF THE HOUSE-SENATE CONFERENCE, WE HAVE DECIDED, AFTER EXTENSIVE CONSULTATIONS, TO AUTHORIZE SALES FROM US MILITARY STOCKS UNDER THE DEFERRED PAYMENT AUTHORITY OF SECTION 21(D) OF THE ARMS EXPORT CONTROL ACT BEGINNING APRIL 14, TO MEET THE SALVADORAN ARMED FORCES' MOST URGENT EQUIPMENT NEEDS. THIS ACTION IS NECESSARY TO PREVENT A SERIOUS BREAK IN THE PIPELINE THAT COULD DEBILITATE THE ARMED FORCES' WILL AND COMBAT CAPACITY DURING THE CRITICAL SECOND ROUND OF ELECTIONS AND INAUGURATION PERIOD. AUTHORITY UNDER SECTION 21(D) ALLOWS DOD TO DEFER PAYMENT FOR SALES UP TO 60 DAYS AFTER DELIVERY. IF FUNDING IS NOT OBTAINED WITHIN THIS 60 DAY PERIOD, THE PRESIDENT MAY

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DEFER REPAYMENT FOR AN ADDITIONAL 60 DAYS. ONLY URGENT HUMANITARIAN ITEMS, SUCH AS CRITICALLY NEEDED MEDEVAC HELICOPTERS AND VEHICLES, AND THE MOST IMMEDIATE MATERIEL AND TRAINING NEEDS, WILL BE MET THROUGH THIS PROCEDURE. SINCE THE SENATE HAS PASSED THE \$61.75 MILLION EMERGENCY SUPPLEMENTAL, WE ARE RELATING OUR ACTIONS IN SUPPLYING CRITICAL ITEMS TO EL SALVADOR TO THIS DEMONSTRATION OF BIPARTISAN LEGISLATIVE BACKING. APPROXIMATELY HALF THAT AMOUNT HAS BEEN AUTHORIZED UNDER 21(D).

B. (U) THE NEED FOR ADDITIONAL SUPPLIES IN EL SALVADOR IS NOW CRITICAL. THE SITUATION ON THE GROUND IN THE LAST SEVERAL MONTHS HAS BEEN VERY ENCOURAGING: GOOD MILITARY PERFORMANCE IN THE FIELD; SECOND SUCCESSFUL ELECTIONS IN TWO YEARS; CONCERTED ACTION AGAINST DEATH SQUADS; AND THE INCREASING EMERGENCE OF A POLITICAL CENTER. THE SALVADORAN ARMED FORCES HAVE BEEN RESPONSIBLE FOR MUCH OF THIS PROGRESS -- IMPARTIALLY PROTECTING THE ELECTION AND MOVING AGGRESSIVELY AGAINST THE GUERRILLAS. BUT THE ARMED FORCES ARE RUNNING LOW ON AMMUNITION AND IN NEED OF A MEDICAL EVACUATION CAPABILITY. ASSURANCE OF SUPPLIES IS ESSENTIAL BOTH TO MILITARY SUCCESS AND TO POLITICAL STABILITY.

C. (U) THERE HAS BEEN STRONG NEGATIVE REACTION ON THE HILL TO THE MINING OF NICARAGUAN PORTS AND OUR DECISION TO DENY FOR TWO YEARS WORLD COURT JURISDICTION IN CASES

INVOLVING CENTRAL AMERICA. ON APRIL 10, THE SENATE APPROVED 84-12 A RESOLUTION PROPOSED BY SENATOR KENNEDY WHICH DECLARED THE SENSE OF CONGRESS THAT NO FUNDS BE USED IN ANY WAY FOR MINING NICARAGUAN PORTS. (THE ADMINISTRATION HAD MADE IT CLEAR THAT IT DID NOT CONSIDER THE NON-BINDING RESOLUTION A TEST OF PARTY LOYALTY.) A SIMILAR RESOLUTION PASSED THE HOUSE FLOOR 281-111.

6. SALVADORAN ELECTIONS, ROUND TWO:

A. (C) WITH RUNOFF ELECTIONS BETWEEN ARENA AND THE PDC SET FOR MAY 6, ELECTIONEERING HAS RESUMED WITH INTER-PARTY CONSULTATIONS ON SUPPORT FOR THE SECOND ROUND. ARENA CLEARLY IS FISHING IN PCN WATERS FOR WHAT WOULD BE A STRONG, CONSERVATIVE COALITION WITH A GENEROUS DIVISION OF MINISTRIES. SO FAR, HOWEVER, PCN HAS NOT AGREED. THE PCN'S GUERRERO, WHO RECEIVED 19 OF THE FIRST-ROUND VOTE AND THUS HAS A POTENTIALLY PIVOTAL ROLE IN RUNOFF PREPARATIONS, HAS SAID HIS PARTY WILL PUBLICLY REFRAIN FROM ENDORSING EITHER CANDIDATE. SHOULD DUARTE, WHOM HE FAVORS, APPEAR TO FALTER, HE PROBABLY WOULD MAKE HIS SUPPORT PUBLIC. NEVERTHELESS, RUMORS CIRCULATED THAT SOME SEGMENTS OF ARENA FAVOR A "DUMP D'AUBUISSON" STRATEGY AND A REVISION OF THE ELECTORAL LAW IN ORDER TO ALLOW GUERRERO TO BECOME THE ARENA CANDIDATE IN THE SECOND ROUND, BUT THAT CHANCE HAS GONE.

B. (U) THE PCN, HOWEVER, JOINED WITH ARENA AND PAISA IN THE LEGISLATIVE ASSEMBLY IN VOTING AGAINST THE PDC TO ABOLISH THE USE OF THE ELECTORAL REGISTRY FOR THE SECOND ROUND. PRESIDENT MAGANA MUST STILL DECIDE WHETHER TO SIGN THE BILL. IN ANY CASE, THE INKED-FINGER SYSTEM USED IN THE 1982 ELECTIONS IS ADEQUATE PROTECTION AGAINST DOUBLE VOTING (TRADITIONALLY THE MAJOR SOURCE OF FRAUD), WILL BE USED AGAIN. THE REGISTRY HAS THE LIMITED PURPOSE OF ESTABLISHING VOTER ELIGIBILITY; AS A PRACTICAL MATTER, THERE ARE THOUGHT TO BE VERY FEW ADULTS IN EL SALVADOR WHO ARE INELIGIBLE TO VOTE. THE REGISTRY WILL BE PERFECTED FOR THE 1985 DEPUTY AND MUNICIPAL ELECTIONS.

C. (C) THE PDC IS ALSO ACTIVE AND HAS APPROACHED ALL

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MAJOR PARTIES EXCEPT ARENA ASKING FOR SUPPORT. PDC LEADERS OBVIOUSLY THINK THEY CAN WIN THE RUN-OFF ALONE, HOWEVER, AND SEEM NOT CONCERNED ABOUT THE MARGIN OF VICTORY. DUARTE ALSO HAS SAID THAT HE IS OPEN TO TALKS, BOTH BEFORE AND AFTER THE ELECTIONS, WITH PRIVATE SECTOR REPRESENTATIVES. AFTER THE ELECTIONS, HE INTENDS TO SHOW THE PRIVATE SECTOR, THROUGH CONCRETE ACTIONS, THAT HE IS PRO-PRIVATE ENTERPRISE. FOR ITS PART, THE TRADITIONAL

PRIVATE SECTOR APPEARS TO BE PLEASED AT THE HUGE TURNOUT IN THE FIRST ROUND ELECTIONS, WHICH IT SEES AS A DEMONSTRATION OF THE STRONG ANTI-GUERRILLA SENTIMENT. WHILE THE PRIVATE SECTOR IS DISAPPOINTED IN THE PERFORMANCE OF THE CONSERVATIVE PARTIES, THERE HAVE THUS FAR BEEN NO STRONG STATEMENTS OR MEDIA ADS WARNING AGAINST A DUARTE WIN IN THE RUNOFF.

7. EL SALVADOR -- POTPOURRI:

A. (C) DURING A RECENT VISIT TO EL SALVADOR, CONGRESSMAN CLARENCE "DOC" LONG DISCUSSED SEVERAL ADDITIONAL STEPS FOR GOES ACTION IN THE HUMAN RIGHTS AREA. THEY INCLUDE INVITING EUROPEAN ASSISTANCE TO THE NEW SPECIAL INVESTIGATIVE UNIT, WHICH WILL HAVE SPECIAL RESPONSIBILITY FOR DEATH SQUAD CASES, AND INVITING EUROPEAN MILITARY OBSERVERS TO EXAMINE THE CONDUCT/OPERATIONS OF THE SALVADORAN ARMED FORCES.

B. (U) THE SMALLEST MEMBER OF THE FMLN, THE REVOLUTIONARY WORKERS PARTY OF CENTRAL AMERICA (PRTC), HAS TAKEN CREDIT FOR THE MARCH 30 ASSASSINATION OF ARENA PARTY ACTIVIST AND FORMER CCE PRESIDENT RAFAEL HASBUN. THE PRTC COMMUNIQUE SAID THE KILLING WAS A RESPONSE TO HASBUN'S PARTICIPATION IN THE "ELECTORAL FARCE." THIS IS THE LATEST IN A SERIES OF HIGH LEVEL ASSASSINATIONS BY THE FMLN, AIMED, APPARENTLY, AT PROVOKING RIGHT-WING EXTREMISTS TO REKINDLE DEATH SQUADS.

C. (U) THE JUDGE IN THE CHURCHWOMEN'S CASE HAS ANNOUNCED HE EXPECTS THE CASE TO REACH THE PUBLIC TRIAL STAGE SOMETIME DURING MAY. IN ACCORDANCE WITH THE SPECTER AMENDMENT TO THE FY84 CONTINUING RESOLUTION, WE ARE WORKING WITH THE GOES TO TRAIN A CADRE OF MINISTRY OF JUSTICE PRISON GUARDS TO FORM A JUDICIAL PROTECTION UNIT FOR THIS AND OTHER PENDING CASES. AN EARLY TRIAL DATE IS ALSO EXPECTED IN THE SHERATON CASE, INVOLVING THE MURDER OF TWO US CITIZENS AIFLD ADVISERS, WHICH HAS ENTERED THE STAGE OF PREPARATION AND FILING OF PLEADINGS PRECEDING THE PUBLIC TRIAL.

8. (C) HONDURAS POST-ALVAREZ: IN THE AFTERMATH OF GENERAL ALVAREZ'S DISMISSAL, THE HONDURAN DOMESTIC SCENE CONTINUES TO BE CALM, AND THE MILITARY HAS RALLIED AROUND PRESIDENT SUAZO'S CALL FOR A CONTINUATION OF CIVILIAN, CONSTITUTIONAL RULE. THE OUSTING OF ALVAREZ APPEARS TO HAVE BEEN THE RESULT OF PARALLEL MOVEMENTS, ONE WITHIN THE ARMED FORCES (LED BY GENERAL WALTER LOPEZ, AIR FORCE COMMANDER AND ALVAREZ'S REPLACEMENT) AND ONE ON BEHALF OF

SUAZO HIMSELF. KEY ISSUES IN ALVAREZ'S REMOVAL WERE DEEPENING ARMED FORCES DISCONTENT WITH HIS AUTOCRATIC STYLE AND HIS EFFORTS TO INVOLVE HIMSELF AND THE ARMED FORCES IN NATIONAL PARTY POLITICS. SUAZO AND LOPEZ HAVE UNDERLINED THAT HONDURAN FOREIGN POLICY WILL NOT CHANGE. ALVAREZ HIMSELF, WHO IS CURRENTLY IN THE US, CONTINUES TO INSIST THAT HE DID NOT RESIGN AND THAT HIS OUSTER VIOLATED THE CONSTITUTION. THE GOVERNMENT MAY FACE AN INCREASED PUBLIC ORDER PROBLEM AS THE EXTREME LEFT TESTS THE SUAZO-LOPEZ TEAM, BUT STILL APPEARS TO GIVE GREAT

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IMPORTANCE TO ITS RELATIONS WITH THE US.

9. GUATEMALA ELECTIONS UPDATE:

A. (C) PREPARATIONS CONTINUE FOR THE JULY 1 CONSTITUENT ASSEMBLY ELECTIONS, WITH THE GOG PUBLICLY PLEDGING TO AVOID THE ADMINISTRATION PROBLEMS OF THE SALVADORAN ELECTIONS, WHILE NOTING THAT GUATEMALA COULD WELL EMULATE EL SALVADOR IN SOME ASPECTS OF THE ELECTORAL PROCESS. VOTER REGISTRATION CONTINUES THROUGH MAY 10. WHILE OVER 2 MILLION PEOPLE HAVE THUS FAR REGISTERED, POLITICIANS WARN THAT VOTER TURNOUT COULD BE MUCH LOWER IF THE GOG DOES NOT PROMOTE VOTING TO THE SAME DEGREE IT HAS TO ENCOURAGE REGISTRATION. ACCORDING TO THE PRESIDENT OF THE SUPREME ELECTORAL TRIBUNAL, WHICH OVERSEES THE ELECTORAL PROCESS, THE ELECTORAL LAW IS WRITTEN SPECIFICALLY TO ENCOURAGE LITERATE GUATEMALANS TO VOTE, WHILE LEAVING "OPTIONAL" VOTING BY ILLITERATES.

B. (U) WHILE THE FIRST OF THE OVER 40 REGISTERED POLITICAL GROUPS HAS DROPPED OUT OF THE RACE BECAUSE OF INABILITY TO MEET REQUIREMENTS TO BECOME A POLITICAL PARTY, ELEVEN PARTIES HAVE SIGNED UP TO CONTEST THE ELECTIONS. THE PARTIES HAVE UNTIL APRIL 30 TO SUBMIT THEIR LISTS OF CANDIDATES FOR THE ASSEMBLY.

10. (U) REFUGEES RETURN FROM MEXICO: PRESS AND INDEPENDENT SOURCES INDICATE THAT AT LEAST 40 FAMILIES HAVE RECENTLY RETURNED TO GUATEMALA FROM MEXICO, LARGELY AS THE RESULT OF EFFORTS BY RELATIVES WITHIN GUATEMALA TO SPREAD THE WORD THAT RETURNEES HAVE NOTHING TO FEAR FROM THE GOG. TO ENCOURAGE MORE RETURNEES, THE GUATEMALAN ARMY HAS BEGUN RECONSTRUCTION OF A TOWN NEAR THE MEXICAN BORDER, AND WITHIN THREE MONTHS HOPES TO HAVE HOUSING, ELECTRICITY, A SCHOOL, HEALTH CLINIC AND IRRIGATION SYSTEM AVAILABLE FOR THOSE WILLING TO RETURN. THE RECONSTRUCTION OF THE TOWN IS PART OF THE GUATEMALAN ARMY'S STRATEGY OF DEFEATING THE GUERRILLAS BY MEETING THE BASIC HUMAN NEEDS OF THE RURAL POPULATION.

11. NICARAGUA:

A. (L) ANOTHER 1,100 MISKITO REFUGEES HAVE CROSSED THE BORDER INTO HONDURAS AFTER AN INCIDENT BETWEEN 200 MISKITO WARRIORS (MISURA) AND A DETACHMENT OF SANDINISTA SOLDIERS AT SANDY BAY. COMPLAINING OF RATIONING AND REPRESSION IN NICARAGUA, THE MISKITOS SEEMED TO HAVE BASED THEIR DECISION TO LEAVE LARGELY ON THEIR FEARS OF THE SANDINISTAS, WHO, THEY REPORTED, HAD PROMISED TO KILL MISKITO CHILDREN AND ELDERLY IF THERE WERE FURTHER CONTRA ATTACKS IN THE SANDY BAY AREA. THE GRN WAS SLOW TO REACT PUBLICLY TO THE EXODUS, DOUBTLESS BECAUSE ITS HASTY AND ILL-CONSIDERED REACTION TO THE DECEMBER 1983 MISKITO DEPARTURE HAD LED TO A SERIOUS PROPAGANDA DEFEAT. NEVERTHELESS, THE GOVERNMENT'S STATEMENT OF APRIL 7 WAS BASED ON THE SAME RATIONALE AS THE DECEMBER EVENT: THE MISKITOS WERE "KIDNAPPED" BY AN INVADING FORCE WHICH INCLUDED THE HONDURAN ARMY, AND WERE FORCED TO LEAVE.

B. (U) GRN LEADERS ARE TAKING ADVANTAGE OF WORLD MEDIA ATTENTION NOW FOCUSED ON NICARAGUA BY THE ICJ DISPUTE TO SPEAK OUT STRONGLY AGAINST "CONTRA" ACTIVITIES AND PORTRAY NICARAGUA AS BESEIGED. CLAIMING NICARAGUA WAS "SURROUNDED" BY THE US, DANIEL ORTEGA ADMITTED THERE WERE NOW 11,000 CONTRAS, INCLUDING 5,000 - 6,000 INSIDE THE COUNTRY. ORTEGA ALSO ESTIMATED DAMAGES CAUSED BY MINES PLANTED IN NICARAGUAN WATERS AT MORE THAN 9.1 MILLION DOLLARS. AT THE SAME TIME, ORTEGA SPOKE OUT IN DEFENSE OF THE MILITARY SERVICE LAW, IN LIGHT OF SERIOUS INTERNAL

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CRITICISM MOSTLY FROM INFORMAL MOTHERS' GROUPS. SAYING THE GRN WOULD NO LONGER PERMIT CRITICISM OF THE LAW, ORTEGA WARNED FAMILIES OF DRAFTEES NOT TO LISTEN TO "RIGHTIST" PROPAGANDA AGAINST IT.

C. (C) OPPOSITION TO THE MILITARY SERVICE LAW WAS APPARENT AT THE OUTSET IN THE LOW REGISTRATION TOTALS IN OCTOBER, 1983. IN RECENT DAYS, HOWEVER, THE GRN HAS BEEN HOLDING PUBLIC NEIGHBORHOOD MEETINGS WITH MEMBERS OF THE FAMILIES OF INDUCTEES, A SIGN THAT THE GOVERNMENT BELIEVES IT HAS A GROWING PROBLEM ON ITS HANDS.

D. (U) ORTEGA ALSO NOTED THAT THAT CONTRA ATTACKS COULD ONLY BE CARRIED OUT WITH HONDURAN AND COSTA RICAN ASSISTANCE, SAYING COSTA RICAN VICE MINISTER ENRIQUE CHACON OPENLY SUPPORTED THE CONTRAS. THIS ACCUSATION MAY WELL PUT THE GRADUALLY THAWING BILATERAL RELATIONSHIP BETWEEN COSTA RICA AND NICARAGUA BACK IN THE DEEP FREEZE, ONLY A FEW DAYS AFTER COSTA RICAN PRESIDENT MONGE

ACCEPTED A LETTER FROM ORTEGA WHICH EXPLAINED RECENT NICARAGUAN BORDER ACTIVITIES AND CONTAINED A PROMISE NOT TO EXPORT TERRORISM. IN RESPONSE TO THE LETTER, MONGE SENT THE COSTA RICAN BACK TO MANAGUA AFTER A TWO-MONTH ABSENCE AND REPORTEDLY DECIDED TO RESUME MEETINGS OF THE "MIXED COMMISSION" AFTER HOLY WEEK.

E. (C) THE NICARAGUAN ELECTORAL LAW, WHICH TOOK EFFECT ON MARCH 31, IS BOTH FUNCTIONALLY BETTER AND SUBSTANTIVELY MORE LIBERAL THAN THE ORIGINAL DRAFT. MOST CHANGES WERE MADE BEFORE THE OPPOSITION PARTIES WALKED OUT OF THE COUNCIL OF STATE DEBATE ON THE LAW, BUT EVEN AFTER THE WALKOUT, THE SANDINISTA DELEGATES AND THEIR ALLIES ALTERED MANY OF THE PROVISIONS. STILL, THE CRITICAL ISSUE REMAINS HOW THE LAW WILL BE IMPLEMENTED.

F. (C) THE SUPREME COURT HAS MOVED QUICKLY TO NAME THE THREE MEMBERS OF THE SUPREME ELECTORAL COUNCIL, WHICH WILL OVERSEE ALL ASPECTS OF THE ELECTORAL PROCESS. MARIANO FIALLOS, FORMER RECTOR OF THE NATIONAL AUTONOMOUS UNIVERSITY OF NICARAGUA AND DELEGATE TO THE COUNCIL OF THE STATE, WILL SERVE AS ELECTORAL COUNCIL PRESIDENT, WITH LEONEL ARGUELLO, A LAWYER AND FINANCIER AND PRESIDENT OF THE NICARAGUAN INSURANCE INSTITUTE, AND AMANDA PINEDA, A CAMPESINA WHO PLAYED AN ACTIVE ROLE IN THE REVOLUTION AND HAS BEEN SITTING ON THE NATIONAL AGRARIAN REFORM TRIBUNAL, AS MEMBERS. FIALLOS AND ARGUELLO ARE REGARDED AS MODERATES. HOWEVER, THE COUNCIL DOES NOT INCLUDE ANY MEMBERS OF THE OPPOSITION, THEY WILL UNDOUBTEDLY BE SUBJECTED TO ENORMOUS PRESSURE TO MAKE THE PROCESS APPEAR OPEN AND DEMOCRATIC, WHILE MAKING DECISIONS TO ENSURE AN FSLN VICTORY AT THE POLLS.

12. NICARAGUA POTPOURRI:

A. (U) ACCORDING TO PRESS REPORTS COMANDANTE TOMAS BORGE, IN AN ADDRESS TO A MEETING OF NICARAGUAN JUDGES ON APRIL 12, SCORNEED THOSE WHO CLING TO ANTIQUATED NOTIONS ABOUT THE SEPARATION OF POWERS IN GOVERNMENT, SAYING THAT IN A REVOLUTION THERE IS BUT ONE POWER -- REVOLUTIONARY POWER. NOTING THAT THIS CONCEPT CONTRIBUTED TO PROBLEMS IN NICARAGUA'S JUDICIAL SYSTEM, BORGE SAID THAT ALL STATE ORGANS, REGARDLESS OF THEIR TITLES, SERVED EXCLUSIVELY THE INTERESTS OF THE REVOLUTION. IN ITS COVERAGE OF THE BORGE SPEECH, FSLN DAILY BARRICADA PRINTED IN FULL THOSE SECTIONS WHICH TOUCHED ON MILITARY ISSUES, BUT ONLY SUMMARIZED HIS VIEWS ON THE SEPARATION OF POWERS. HOWEVER, AN EDITORIAL IN INDEPENDENT LA PRENSA FOCUSED ON BORGE'S COMMENTS, NOTING THAT HE HAD OPENLY SUPPORTED

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ABANDONING THE TRADITIONAL SEPARATION OF POWERS DOCTRINE AND CREATING A GOVERNMENT IN WHICH ALL EXECUTIVE, LEGISLATIVE, AND JUDICIAL POWERS -- AS WELL AS THE ARMED FORCES -- WERE IN THE HANDS OF A SINGLE REVOLUTIONARY GROUP. LA PRENSA COMMENTED THAT CHANGES WHICH THE FSLN HAS MADE TO THE ORIGINAL PLAN OF THE REVOLUTION TENDED TOWARD THE CREATION OF A TOTALITARIAN STATE.

B. (U) ALFREDO CESAR, FORMER PRESIDENT OF THE CENTRAL BANK AND A MEMBER OF THE JUST-DISSOLVED OPPOSITION GROUP RESCATE, RETURNED TO MANAGUA ON APRIL 6 TO MEET WITH LEADERS OF THE INTERNAL OPPOSITION. CESAR STRONGLY CRITICIZED SANDINISTA POLICIES FOR CAUSING VIOLENCE AND ECONOMIC DELAY AND CALLED FOR HONEST ELECTIONS MONITORED BY THE CONTADORA GROUP AS THE SOLUTION TO NICARAGUA'S PROBLEMS. HE NOTED THE ELECTORAL LAW HAD BEEN ADOPTED WITHOUT THE SUPPORT OF THE OPPOSITION, AND CRITICIZED CENSORSHIP, AND THE STATE OF EMERGENCY. ASKED ABOUT THE COUNTERREVOLUTIONARIES AND THE MINING OF NICARAGUA'S PORTS, CESAR RESPONDED THAT PEOPLE DO NOT RESORT TO VIOLENCE IF A CIVIL AVENUE IS AVAILABLE.

C. (C) IT IS POSSIBLE THAT CESAR'S NINE-HOUR VISIT WAS DESIGNED TO TEST THE WATERS FOR AN EVENTUAL PRESIDENTIAL CANDIDACY AT THE HEAD OF THE OPPOSITION TICKET. IF CESAR WANTS TO PROVIDE LEADERSHIP TO THE BADLY FRAGMENTED OPPOSITION, HOWEVER, HE WILL HAVE TO RETURN TO NICARAGUA ON A PERMANENT BASIS.

D. (U) WITH OVER 80 PERCENT OF THE ARTICLES PROPOSED FOR THE APRIL 5 EDITION CENSORED, THE EDITORS OF INDEPENDENT PAPER LA PRENSA REFUSED TO PUBLISH FOR THE FIFTH TIME THIS YEAR. ARTICLES WHICH WERE AXED INCLUDED AN APPEAL BY INDEPENDENT RADIO JOURNALISTS TO BE ALLOWED TO RETURN TO THE AIR WITHOUT PRIOR CENSORSHIP AND A REPORT THAT COMANDANTE LUIS CARRION HAD CALLED ON THE SANDINISTA POLICE TO RESPECT DECISIONS TAKEN BY THE SUPREME COURT.

13. ELECTIONS IN PANAMA:

A. (U) PANAMANIAN VOTERS ARE SCHEDULED TO ELECT A NEW PRESIDENT AND A 67 MEMBER NATIONAL ASSEMBLY ON SUNDAY, MAY 6 IN THE FIRST DIRECT ELECTIONS THERE IN 16 YEARS. ABOUT HALF OF THE 917,000 REGISTERED VOTERS WILL BE CASTING THEIR FIRST BALLOTS IN A PARTISAN NATIONAL ELECTION. THERE ARE NO RUNOFFS; PLURALITY DECIDES ALL CONTESTS; AND THERE ARE TWO LEADING PRESIDENTIAL CANDIDATES: OCTOGENARIAN ARNULFO ARIAS, THREE TIMES ELECTED PRESIDENT AND THRICEDPOSEDAFTERCONFLICT WITH

THE MILITARY, AND NICOLAS BARLETTA, FORMER WORLD BANK VICE PRESIDENT FOR LATIN AMERICA AND ONE-TIME PLANNING MINISTER FOR OMAR TORRIJOS.

B. (U) ARIAS AND HIS SUPPORTERS ASSUME THAT HE WILL AGAIN BE SWEEPED INTO OFFICE ON A GROUND SWELL FAVORING "CHANGE." ARIAS HAS REPEATEDLY ATTACKED THE COUNTRY'S MILITARY HEADED BY GENERAL NORIEGA AND HAS URGED REDUCING THE MILITARY'S INVOLVEMENT IN GOVERNMENT, SEPARATING THE PRESENTLY COMBINED MILITARY AND POLICE FUNCTIONS, AND ELIMINATING WHAT HE HAS CHARGED IS SUBSTANTIAL MILITARY CORRUPTION. BARLETTA, ON THE OTHER HAND, HAS THE MORE-OR-LESS OPEN FAVOR OF GENERAL NORIEGA, THE SUPPORT OF GOVERNMENT INFLUENCED MEDIA, AND MORE MONEY THAN OTHER CANDIDATES. BARLETTA STRESSES EVOLUTIONARY CHANGE, BUT CLEARLY REPRESENTS THE POLITICAL GROUPS 'IN' SINCE 1968 AND HAS BOTH THE ADVANTAGES AND DIFFICULTIES OF AN INCUMBENT PARTY.

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C. (U) HISTORICALLY, THE OVERRIDING ISSUE IN PANAMANIAN POLITICS HAS BEEN THE CANAL AND PANAMA'S RELATIONSHIP WITH THE US. CANDIDATES HAVE SOUGHT TO RUN 'AGAINST' THE US, ALTHOUGH POLITICAL 'OUTS' OF ALL ALIGNMENTS HAVE SIMULTANEOUSLY SOUGHT IMPLICIT US ENDORSEMENT OF THEIR CAUSES UNDER THE GUISE OF ASKING THAT THE USG PROTECT THE ELECTORAL PROCESS FROM THE 'INS'. ALL CANDIDATES HAVE VARIOUSLY SOUGHT DURING THE CAMPAIGN TO INVOKE THE US AGAINST THEIR OPPONENTS. BARLETTA'S SUPPORTERS SUGGEST THAT HE IS 'WASHINGTON'S' CANDIDATE, WHILE ARIAS AND THE 'OUTS' ADVANCE THE PROPOSITION THAT THE MILITARY WILL STEAL THEIR CERTAIN ELECTORAL VICTORY UNLESS THE US PREVENTS IT.

D. (U) THE US STRONGLY SUPPORTS THE PROCESS OF FREE DEMOCRATIC ELECTIONS IN PANAMA. THE USG HAS NO PREFERENCE FOR OR AGAINST ANY PARTY, COALITION, FACTION, GROUP OR INDIVIDUAL CANDIDATE COMPETING IN THE ELECTIONS. THIS POLICY HAS BEEN STATED REPEATEDLY TO ALL INTERESTED PARTIES IN PANAMA. THE USG HAS NO REASON TO EXPECT THAT THE ELECTION WILL BE CONDUCTED ON ANY OTHER BASIS, AND IS GRATIFIED BY THIS FURTHER DEMONSTRATION OF THE EFFECTIVE EXERCISE OF POPULAR AND REPRESENTATIVE DEMOCRACY THROUGH FREE AND FAIR ELECTIONS IN WHICH ALL PARTIES MAY PARTICIPATE.

3. (U) THE OUTCOME OF THE ELECTION REMAINS IN DOUBT. VARIOUS POLLS GIVE BARLETTA A SLIGHT EDGE, BUT THE NUMBER OF 'UNDECIDEDS' IS TOO LARGE AND THE INEXPERIENCE OF THE ELECTORATE IS TOO GREAT TO CALL THE ELECTION WITH TWO AND A HALF WEEKS TO GO. DAM
END OF MESSAGE

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